

Message Text

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12

ACTION SS-30

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R 251735Z JAN 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 9717

INFO AMEMBASSY KINSHASA

S E C R E T BRUSSELS 0507

EXDIS

E.O. 11652: GDS

TAGS: PFOR, BE, CG

SUBJECT: SGM-GOZ COPPER CONTRACT NEGOTIATIONS

REF: BRUSSELS 433; KINSHASA 711

1. SUMMARY. ZAIRIAN GOVERNMENT ORDERED RESUMPTION OF MANAGEMENT FEE PAYMENTS TO SGM ON JANUARY 23 AND NEGOTIATIONS GOT UNDERWAY IN PARIS WITH POSITIONS OF TWO SIDES FAR APART. ACCORDING TO INFORMATION CURRENT JANUARY 24 ZAIRIANS ARE CLAIMING THEY HAVE PAID ENOUGH COMPENSATION TO UNION MINIERE AND ANY FUTURE PAYMENTS SHOULD BE USED TO COMPENSATE BELGIAN OWNERS OF PROPERTIES RECENTLY NATIONALIZED. END SUMMARY.

2. NOKIN TOLD AMBASSADOR JANUARY 24 THAT SGM-GOZ NEGOTIATIONS HAD "STARTED BADLY" ON PREVIOUS DAY IN PARIS, WITH ZAIRIANS CALLING "EVERYTHING" INTO QUESTION. NOKIN, HOWEVER, CHARACTERIZED ZAIRIAN APPROACH AS "NORMAL PALAVER," AND WAS HOPEFUL THAT PROGRESS COULD BE MADE. NOKIN SAID THAT IN PRESENCE OF SGM NEGOTIATORS BISENGIMANA HAD CALLED KINSHASA TO ORDER IMMEDIATE RESUMPTION OF MANAGEMENT FEE PAYMENTS, BUT SGM DID NOT YET HAVE CONFIRMATION THAT PAYMENTS RESUMED.

3. IN SEPARATE CONVERSATION JANUARY 24, FONMIN AFRICA DIRECTOR LEBRUN TOLD EMBOFF THAT IN MEETING WITH NOKIN
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IN BADEN BADEN MOBUTU HAD SAID THAT COMPENSATION FOR UNION MINIERE SHOULD BE BASED NOT ON VALUE OF ASSETS AT TIME OF NATIONALIZATION BUT ON AMOUNT OF INVESTMENT UNION MINIERE HAD PUT INTO ZAIRE SINCE IT BEGAN

OPERATIONS IN 1906.

4. LEBRUN'S REMARKS WERE INTERRUPTED BY CALL FROM CONTACT IN PARIS WHO REPORTED ON PROGRESS OF NEGOTIATIONS. SOURCE TOLD LEBRUN THAT BISENGIMANA HAD SAID 1969 AGREEMENT SPECIFIED MODALITIES OF COMPENSATION, NOT TOTAL AMOUNT TO BE COMPENSATED. ZAIRIANS CONSIDER THAT ENOUGH COMPENSATION ALREADY HAS BEEN PAID. IF THEY ARE OBLIGED TO PAY MORE, THEN GOB SHOULD USE FUTURE PAYMENTS TO COMPENSATE BELGIAN OWNERS FOR PROPERTIES EXPROPRIATED UNDER MOBUTU'S NOVEMBER 30 ECONOMIC MEASURES. ACCORDING TO SOURCE, BISENGIMANA SEEMED NERVOUS AND MAY HAVE FLOATED THIS IDEA SOONER THAN PLANNED. SOURCE SAID NEGOTIATIONS WERE STILL GOING ON.

5. CHEF DE CABINET TO PRIME MINISTER (NOPPEN) THEN ENTERED LEBRUN'S OFFICE TO TRANSMIT REPORT HE HAD RECEIVED EARLIER IN DAY FROM OWN SOURCE CLOSE TO ZAIRIAN DELEGATION IN PARIS. NOPPEN SAID THAT ZAIRIANS REPORTEDLY MAINTAINED THEY HAD PAID TOO MUCH IN COMPENSATION AND SHOULD BE REIMBURSED FOR OVERPAYMENT.

6. COMMENT: LEBRUN MADE CLEAR LATER THAT HE DID NOT ACCEPT NOPPEN'S INFORMATION AT FACE VALUE SINCE IT DID NOT CONFORM TO REPORT FROM HIS OWN SOURCE. EMBOFF INFERRED FROM LEBRUN'S REACTION THAT HE CONSIDERED INFORMATION ON CLAIM FOR REIMBURSEMENT AS INACCURATE, REFLECTIVE OF NEGOTIATING TACTIC OVERTAKEN DURING COURSE OF NEGOTIATIONS, OR DIFFERENT INTERPRETATION OF BISENGIMANA'S CALL FOR TRANSFORMING ANY FUTURE PAYMENTS INTO COMPENSATION FOR NOVEMBER 30 EXPROPRIATIONS. STRAUSSZ-HUPE

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